



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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Michael O. Leavitt
Governor

Lowell P. Braxton
Division Director

November 4, 1998

Phil Palmer
Diamond K Gypsum
P. O. Box 35
Richfield, Utah 84701

Re: Interim Approval of Area C Permit Amendment, Diamond K Gypsum, DKG Quarry,
M/015/041, Emery County, Utah

Dear Mr. Palmer:

This letter is forwarded to document the agreements reached during our November 2, 1998 telephone conversation regarding your proposal to expand operations at the DKG Gypsum Quarry. Tony Gallegos and I spoke with you about the unexpected exhaustion of your mineable supply of high grade gypsum ore and your pressing contractual commitments. We gave you verbal interim approval to begin work on the proposed amendment for Area C. As agreed, the total new surface disturbance will be limited to five acres or less. This surface disturbance will include an extension to the existing access/haul road, a new quarry area, and new topsoil and overburden stockpiles all to be located in Area C.

The Division believes this interim approval is justified based on the following information:

- Diamond K Gypsum (DKG) has completed mining in Area B and requires a new mining area to satisfy contractual agreements.
- DKG has completed reclamation of approximately eight (8) acres in Area A which have not been fully released (revegetation performance standard not yet achieved).
- The Division last inspected the site on August 20, 1998 with the BLM.
- DKG submitted a permit amendment/revision application to the Division on August 31, 1998.
- DKG submitted additional information to the Division by fax on October 27, 1998.
- The BLM has completed clearance surveys of Area C. The BLM has given DKG a verbal

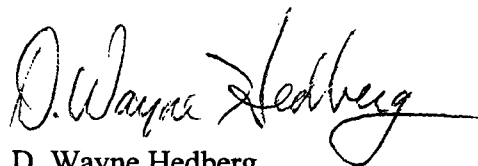
Phil Palmer
M/015/041
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approval to begin operations in Area C.

- The Division has made a determination that DKG's recent submission would be categorized as an "amendment" to the existing large mine operation notice of intent which *will not* require formal public notice.
- The Division has evaluated the current reclamation surety with regard to the reclamation earthwork completed in Area A. Recognition of the completed earthwork on eight acres would give DKG a bonding credit of approximately \$12,400. Using an average reclamation cost of \$2,450/acre (as used in the Division's 12/14/98 estimate) would allow DKG to disturb an additional area of approximately five (5) acres and still be considered "bonded."

The Division will provide DKG with a separate review letter describing the amendment deficiencies which will need to be addressed within the next few weeks. If you have any questions regarding this letter please call me at (801) 538-5286 or Tony Gallegos at (801) 538-5267. Thank you for your cooperation.

Sincerely,



D. Wayne Hedberg
Minerals Regulatory Program
Permit Supervisor

vb

cc: Mary Ann Wright, Associate Director, Mining
Dean Nyffeler, Price BLM FO

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